

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 27, 2000

IN RE:

**BELLSOUTH TELECOMMUNICATIONS INC.'S
TARIFF FOR CONTRACT SERVICE
ARRANGEMENT (FL 00-0675-00)**

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**DOCKET NO.
00-00401**

**ORDER GRANTING APPROVAL OF BELLSOUTH
CONTRACT SERVICE ARRANGEMENT (FL 00-0675-00)**

This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference on June 20, 2000 on the tariff filing of BellSouth Telecommunications, Inc. ("BellSouth") for approval to offer Contract Service Arrangement No. FL 00-0675-00 ("CSA"). BellSouth filed Tariff No. 00-00401 on May 22, 2000, with a proposed effective date of June 21, 2000.

Based upon consideration of the tariff filing and attachments thereto, a majority¹ of the Authority finds and concludes as follows:

1. The purpose of this CSA is to provide a Volume and Term Discount to the customer identified in the filing. Through this arrangement, the customer agrees to purchase \$1.4 million of local and private line services over the course of the first contract year throughout the BellSouth region in exchange for a ten percent (10%) discount.

2. The term of this CSA is three (3) years.

¹ Chairman Malone did not vote with the majority and noted that the CSA would place the customer under a ninety (90) or one-hundred (100) percent buyout.

3. This CSA contains provisions for incentive awards and commitment shortfalls. The parties pay the incentive awards or commitment shortfalls during the annual true-up period. BellSouth provided an addendum executed by the customer clarifying the fact that the commitment shortfalls do not apply upon the customer's early termination of the CSA.

4. This CSA contains two termination provisions. The first relates to the termination of the underlying specific service and is linked to the tariff provision applicable to the underlying service. The second applies to the termination of the Volume and Term agreement. This termination provision requires the customer to pay termination charges equal to the discounts received over the life of the contract or for the previous twelve (12) months, whichever is less, plus the prorated implementation and tracking costs of \$55,000. Because the first termination provision is contained in the underlying, previously approved tariff, it is only the second termination provision that is before the Authority in this docket.

5. BellSouth provided an addendum executed by the customer stating that the customer was aware of competitive alternatives available to it in Tennessee and that the customer and BellSouth have agreed on the termination provisions and that the termination charges represent a reasonable estimate of BellSouth's damages in the event of termination.

6. BellSouth supplied cost data which indicates that the price of services offered under the CSA exceed their long-run incremental costs. Based on this information, BellSouth has complied with the statutory price floor established in Tenn. Code Ann. § 65-5-208(c).

8. No parties sought to intervene in this docket.

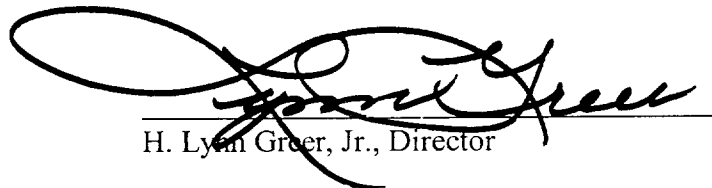
Based on the foregoing findings and conclusions, a majority of the Directors determined that the CSA should be granted.

IT IS THEREFORE ORDERED THAT:

BellSouth Telecommunications, Inc.'s Tariff No. 00-00401, which seeks approval of Contract Service Arrangement No. FL 00-0675-00, is hereby granted.

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Melvin J. Malone, Chairman

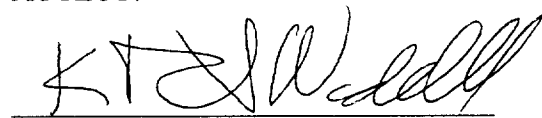


H. Lynn Greer, Jr., Director



Sara Kyle, Director

ATTEST:



K. David Waddell, Executive Secretary

* * * Chairman Malone did not vote to approve this Volume and Term CSA.